



# INDUSTRY CIRCULAR

DEPARTMENT OF  
THE TREASURY

Bureau of Alcohol, Tobacco and Firearms  
Washington, D.C. 20226

Number: 76-11

Date: May 20, 1976

## INTEREST RATE ADJUSTMENT

Proprietors of distilled spirits plants and bonded wine cellars;  
manufacturers of tobacco products, cigarette papers and  
tubes; brewers; wholesale dealers in alcoholic beverages;  
and others concerned.

PURPOSE. This circular advises industry members and others concerned that, effective February 1, 1976, the rate of interest applicable to underpayments, overpayments, and erroneous refunds of taxes was adjusted to 7%. The adjusted rate of interest applies both to occupational taxes and commodity taxes. The adjustment, made in accordance with 26 U.S.C. 6621(b), was announced by the Commissioner of Internal Revenue in Technical Information Release No.1407, published October 14, 1975, and in Revenue Ruling 75-487, published in the November 10, 1975, issue of the Internal Revenue Bulletin.

BACKGROUND. The text of Revenue Ruling 75-487 is as follows:

Under the provisions of section 6621(b) of the Internal Revenue Code of 1954 the Secretary or his delegate is required to establish an adjusted rate of interest not later than October 15, 1975, to become effective February 1, 1976, if the adjusted prime rate charged by banks during September, 1975, rounded to the nearest full percent, is at least a full percentage point more or less than the 9 percent per annum rate in effect during September, 1975. The adjusted rate of interest shall be equal to the adjusted prime rate charged by banks, rounded to the nearest full percent. For purposes of section 6621 the term "adjusted prime rate charged by banks" means 90 percent of the average predominant prime rate quoted by commercial banks to large businesses, as determined by the Board of Governors of the Federal Reserve System.

The Board of Governors of the Federal Reserve System has determined that the average predominant prime rate quoted by commercial banks to large businesses during

## Interest Rate Adjustment

September, 1975, was 7.88 percent. Therefore, the "adjusted prime rate charged by banks" during September is 7.09 percent (7.88 percent multiplied by 90 percent). That rate rounded to the nearest full percent is 7 percent, a change of at least 1 percent from the 9 percent per annum rate.

Accordingly, an adjusted rate of interest of 7 percent per annum is hereby established under section 6621(b). The adjusted rate shall take effect on February 1, 1976, and shall apply to amounts outstanding on such date or arising thereafter.

See Rev. Rul. 75-58, 1975-8 I.R.B. 24, for illustrations of the application of an interest rate adjustment to amounts outstanding on the date of such adjustment or arising thereafter.

INQUIRIES. Inquiries regarding this circular should refer to its number and be addressed to the appropriate Regional Director, Bureau of Alcohol, Tobacco and Firearms.



Rex D. Davis  
Director

Department of the Treasury  
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Washington, D.C. 20226

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